



**Testimony of Jess Maurer on Behalf of
The Maine Council on Aging
To Joint Standing Committee on Taxation**

**In Favor of LD 86 - An Act To Make Sales to Area
Agencies on Aging Tax-exempt**

Submitted in Person on February 9, 2021

Greetings Senator Chipman, Representative Terry and members of the Joint Standing Committee on Taxation:

My name is Jess Maurer and I'm the Executive Director of the Maine Council on Aging (MCOA). The MCOA is a broad, multidisciplinary network of more than 100 organizations, businesses, municipalities, and older community members working to ensure we can all live healthy, engaged and secure lives with choices and opportunities as we age at home and in community settings. I am testifying in favor of LD 86.

In 1965, the federal government enacted the Older Americans Act (OAA), to support a range of home and community-based services for older adults. These services help older Mainers stay as independent as possible in their homes and communities, avoid hospitalizations and nursing home care, and save the state and federal governments money that otherwise would be spent on this care. These services include answers on aging, Medicare and benefits counseling, long term care options counseling, evidence-based health programs, family caregiver support and Meals on Wheels.

The OAA created the area agencies on aging to deliver these services (AAAs). Maine has five AAAs that provide these services to the more than 370,000 Mainers who are over 60, and their family members and caregivers. Each AAA is a stand-alone non-profit and each has been in existence for more than 40 years. Federal funds are sent to the State Unit on Aging and passed through to AAAs who provide these services. The OAA **does not allow** the AAAs to charge for any of the services provided under the OAA.

In order to qualify for federal funding, however, the State must also contribute. In 2019, for all services provided by the AAAs, Maine contributed about \$1.4 million to support these services. The AAAs are likewise obligated to contribute these services. In 2019, combined, the AAAs raised \$1.4 million in actual and in-kind donations and grants.

However, this isn't the end of the collaboration. To efficiently meet the growing demand for these services, the AAAs also engage thousands of volunteers each year who donate tens of thousands of hours. For instance, in 2019, just for the Meals on Wheels program, 1,057

volunteers donated 63,500 hours of time, representing a cost savings to the program of about \$642,000.

The first exemptions found in Title 36 section 1760, are state and federal governments. As nearly all of the funding for all AAA services is either from the State or Federal government, and these entities are exempt from sales tax, it only makes sense that the tax exemption should extend to organizations created and operating solely to carry out federal and state mandates to provide free services to the public. There is no question that, if the state or federal government were incurring the costs of providing these services directly, they would not be taxed.

Home health care agencies, hospice agencies and other similar service providers like community action programs are also exempted from sales tax. As the AAAs are providing similar services, they too should be tax exempt. Finally, meals provided to and/or by the AAAs are already exempted from sales tax. It only makes sense to take the next step and exempt all of their purchases for all purposes from sales tax.

This will not have a large fiscal impact. In fact, based on some preliminary figures provided to me from the AAAs, I expect the general fund revenue loss to be less than \$25,000.

COVID-19 has had a huge impact on the AAAs in that they are now serving more than double the number of Meals on Wheels recipients than they have in years passed. While increased flexibility in who can receive meals was the cause of this surge in demand, the Department of Health & Human Services has found more than half of the new recipients are eligible for the service. While federal COVID relief funds have allowed the AAAs to meet this new demand, those funds are dwindling and at least one AAA already has a wait list for this life saving program that provides home delivered meals to homebound older adults who cannot prepare a meal for themselves and have no one else to prepare a meal for them.

While \$25,000 might not seem like a lot of money to anyone in the scheme of state government, this amount translates into 14 more people who could receive home delivered meals for a year. Realistically, because people often don't stay on the program for a full year and may only need to access the program for a few months during a health care crisis, these additional funds will serve many more people.

For all these reasons, I urge the Committee to vote unanimously in favor of LD 86.

Thank you.